

Committee on Resources

Subcommittee on Forests & Forest Health

Testimony

WRITTEN STATEMENT OF THE HONORABLE F. ALLEN BOYD, JR. JULY 13, 1999

BEFORE THE HOUSE RESOURCES SUBCOMMITTEE ON FORESTS AND FOREST HEALTH AT A HEARING ON H.R. 2389, THE "COUNTY SCHOOLS FUNDING REVITALIZATION ACT OF 1999"

Madam Chairman, first of all, I want to thank you and the other members of this Subcommittee for allowing me the privilege of testifying before you on H.R. 2389, the County Schools Funding Revitalization Act of 1999. The issue of forest revenue payments by the federal government to local affected communities is very important to a large portion of the 2nd Congressional District of Florida, which is a very rural district that encompasses 19 counties in the Florida panhandle. In fact, I have been working on this issue since the time I was serving in the Florida State Legislature. I hope this hearing is the springboard to have Congress finally address and solve this issue that adversely affects so many communities across this nation.

The Second Congressional District, which I have the honor of representing in the House, is located in the panhandle of the state, running from Panama City in the west to the middle of the Osceola National Forest in the east. It has the entire Apalachicola National Forest within its borders and also encompasses part of the Osceola National Forest. The district has over 760,000 acres of national forestland.

Background

In 1908, Congress recognized that counties with federal lands were at an economic disadvantage since local governments were powerless to tax these lands. Congress entered into a compact with these communities in which 25% of the revenues from National Forests would be paid to the states for impacted counties as compensation for their diminished local property tax base. By law, these revenues finance public schools and local roads. As one can imagine, these counties relied heavily on this revenue for education and transportation infrastructure.

However, in recent years, the principal source of these revenues, federal timber sales, has sharply declined due to changes in federal forest management policy, and those revenues shared with states and counties have declined precipitously. Payments to many counties have dropped to less than 10% of their historic levels under this compact. The impact on rural communities and schools has been staggering. The decline in shared revenues has severely impacted or crippled educational funding, and the quality of education

provided, in the affected counties. Many schools have been forced to lay off teachers, bus drivers, nurses, and other employees; postpone badly needed building repairs and other capital expenditures; eliminate lunch programs; and curtail extracurricular activities.

Rural communities have also suffered from severe economic downturns causing high unemployment, domestic violence, substance abuse, and family dislocation. They are finding it difficult to recruit new businesses and to meet the health and social needs associated with the displacement and unemployment. Finally, local county budgets have been so badly strained that communities have been forced to cut funding for infrastructure needs and other local government programs, to offset lost 25% payment revenues.

In 1993, the Congress enacted a law which provided an alternative annual safety net payment system for 72 counties in the northwest region of the country, where federal timber sales had been restricted or prohibited to protect the northern spotted owl. This authority for the 1993 safety net program will expire in 2003. No comparable protection has been provided for the other 730 counties across the nation which receive forest payments. An equitable system of payments for all forest counties nationwide is needed to protect the ability of these counties to provide quality schools and roads and to allow the federal government to uphold its part of the compact.

A Case Study

As members, we have all heard about, and many of us actually have, counties that have been adversely impacted by this compact being broken. I have several in District 2, but will focus on Liberty County as a example of how the lost revenue has affected a large portion of this nation and its citizens. This case study shows the various effects that the loss of timber revenue from the Apalachicola National Forest has had on the children and citizens of Liberty County.

Liberty County is a rural county with a population of about 7,000 including 1,300 schoolchildren. That is the smallest county population of schoolchildren in the entire state of Florida. It has a total land area of 525,000 acres, 97% of which is forested, with half of that owned by the U.S. Forest Service within the Apalachicola. Until recently, the forest was the mainstay of a strong local forest product-based economy, and through sharing 25% of the revenue from timber sales, provided substantial support for the local schools and government.

In 1989, the Forest Service began to manage its land in a different way, mostly to protect the habitat for the endangered red-cockaded woodpecker. It is interesting to note that Liberty County has the only recovered population of this bird in the world. Perhaps the most significant thing about these changes is not the decline in harvest, but rather the fact that in 1998 the net annual growth of timber on the Apalachicola National Forest was about 800% greater than the volume harvested. The sawtimber growth is approximately 50 times greater than the volume harvested.

The effects of timber harvest reduction on forest revenues to the 4 counties and school districts within the Apalachicola is that the 25% payments have declined in value from a 1983-87, 5 year average (in 1998 dollars) of \$1,905,000 to \$220,000 in 1998; a loss of 89%. Due to this reduction, the Liberty County School District was forced to take several painful steps. These steps included reducing school staffing by 11 positions out of a total of 151; increasing the average class size from 23 to 28 students; discontinuing the enrichment programs in health, computer education, and humanities; discontinuing vocational programs in industrial arts, small engine repair, and electronics (80% of the graduates do not attend college); curtailing the school media center; eliminating certified art and music teachers from the elementary school staffs;

reducing the Pre-K program, formerly the only program in the state to serve all four-year olds; and terminating a new program in technology acquisition, which would have placed the county on par with other Florida school districts.

The impact on county government have also been very significant. The County road crew was reduced from 23 to 18 positions. This staff reduction, plus equipment obsolescence and the inability to purchase needed supplies and materials, has resulted in the deterioration of the rural road system. In 1994, the County was forced to float a \$1,780,000 bond issue in order to meet current road needs. It is unclear how the county will meet its future road responsibilities in the absence of a substantial increase in the 25% payments from timber sale receipts. County employees suffered a 10% salary cut, which was partially restored following the imposition of a 1% local option sales tax and 7 cents per gallon gas tax. Finally, the Sheriff's Office and Emergency Medical Service have been forced to curtail hours and reduce services. As a result of this action, Liberty County remains the only county in Florida without an advanced life support system as part of the county emergency response organization.

However, the most far-reaching and devastating impact of these declining revenues is the adverse effect on the future of our children. An education system crippled by such funding cuts cannot train our young people in the skills needed to join tomorrow's society as contributing, productive, taxpaying citizens.

H.R. 2389

It is clear to me that the compact of 1908 is broken and needs to be fixed immediately. That is why Representative Nathan Deal and I have introduced the County Schools Funding Revitalization Act of 1999. This legislation is based on principles that were part of a compromise agreement reached by the National Forest Counties & Schools Coalition. This bill is significant because it was developed not by a "Washington knows best", top-down approach, but rather through "a home-grown", bottom-up approach that has finally reached a consensus. This unique coalition includes over 500 groups from approximately 32 states including school superintendents (including Hal Summers, School Superintendent of Liberty County, Florida Schools), county commissioners (including the Columbia County, Florida Board of County Commissioners), educators, several labor groups, the National Education Association and the U.S. Chamber of Commerce.

H.R. 2389 contains two main provisions. First, it would restore stability to the 25% payment compact by ensuring a predictable payment level to federal forest communities for an interim 5-year period. This temporary five-year payment program would be based on the average of the three highest payments received by a state in fiscal years from 1985 until this bill is enacted. This is obviously a necessary step to arrest the current destructive downward spiral. Secondly, the bill requires the federal government to collaborate with local community and school representatives as part of the Forest Counties Payment Committee to develop a permanent solution that will fix the 1908 compact for the long term.

There are other options that have been proposed to address this problem, from decoupling forest receipt payments from forest management activities to legislating or mandating timber harvest. My view is that the welfare of schools and county governments cannot be artificially disconnected from the economic stability and social vitality of rural counties. I do not feel that either one of those options is a starter in this Congress. However, I truly believe that the consensus compromise that H.R. 2389 represents is the one possibility that could be passed.

We, the federal government, must fulfill the promise made to these communities in 1908. Together, we can fix the compact and restore long-term stability to our rural schools and governments and the families that

depend on them.

Again, thank you for allowing me the opportunity to discuss the issue of forest timber revenue payments and the solution that Representative Deal and I have developed. I stand ready to try and answer any questions that my colleagues might have.

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